

**Introduced by Senator Burton**

March 3, 2004

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An act to amend Sections 21625, 21626, 21626.5, 21627, 21628, 21628.5, 21630, 21631, 21640, 21641, 21642, and 21647 of, to add Sections 21628.2, 21628.3, 21632, 21636.7, and 21636.8 to, and to repeal and add Section 21628.1 of, the Business and Professions Code, and to amend Sections 21208, 21300, 21300.1, and 21301 of, and to add Sections 21301.2 and 21301.3 to, the Financial code, relating to personal property, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1893, as introduced, Burton. Dealers and pawnbrokers: regulation.

Existing law generally requires a pawnbroker, secondhand dealer, coin dealer, and business machine dealer, as defined, to report specified transactions to the local law enforcement agency where their business is located. Under existing law, upon implementation of an electronic reporting system by the Department of Justice, secondhand dealers and coin dealers are generally required to report this information electronically. Existing law requires that a local law enforcement agency issue a license to engage in the business of a secondhand dealer or pawnbroker to an applicant who meets designated criteria and allows the assessment of a licensure fee. Existing law makes a knowing violation of the provisions regulating these dealers and pawnbrokers a crime.

This bill would generally require on and after January 1, 2008, that a secondhand dealer, coin dealer, business machine dealer, and pawnbroker make their reports electronically. The bill would require the Attorney General in consultation with local law enforcement

agencies and others, to develop a statewide electronic data reporting system that would be operational on or before January 1, 2007.

The bill would extend the licensure provisions to coin dealers and business machine dealers and would also extend the licensure and reporting requirements imposed on dealers and pawnbrokers to persons who advertise as a dealer or pawnbroker. The bill would make it a misdemeanor to advertise as a dealer or pawnbroker without being licensed to engage in those businesses and would also make engaging in the business of a dealer or pawnbroker without a license subject to the assessment of a civil penalty.

The bill would require a payment of a specified licensure fee by dealers and pawnbrokers and would require that this revenue be deposited into the Electronic Data Reporting System Fund, which would be created by the bill. The bill would continuously appropriate the revenue in the fund to the Attorney General to implement the electronic data reporting system. Because the revenue in the fund would be continuously appropriated for this purpose, the bill would make an appropriation.

Because the bill would increase the number of persons subject to licensure by a local law enforcement agency, thereby increasing the duties of a local agency, and would make additional activities subject to criminal prosecution, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.



*The people of the State of California do enact as follows:*

SECTION 1. Section 21625 of the Business and Professions Code is amended to read:

21625. It is the intent of the Legislature in enacting this article to curtail the dissemination of stolen property ~~and~~, to facilitate the rapid recovery of stolen property, *and to aid the State Board of Equalization to detect possible sales tax evasion by means the implementation, deployment, and maintenance of a uniform, statewide, state-administered program of regulation electronic data reporting system that records reportable transactions of persons whose principal business is includes the buying, selling, trading, auctioning, or taking in pawn of tangible personal property and to aid the State Board of Equalization to detect possible sales tax evasion.*

Further, it is the intent of the Legislature in enacting this article to require ~~the uniform statewide reporting of tangible personal property acquired by all persons or entities whose principal business is includes the buying, selling, trading, auctioning, or taking in pawn of tangible personal property~~ *to timely report those transactions to the Department of Justice through the electronic data reporting system, unless the property or the transaction is specifically exempt herein, for the purpose of correlating these reports with other reports of city, county, and city and county, and state law enforcement agencies and further utilizing the services of the Department of Justice to aid in tracing and recovering stolen property.*

Further, it is the intent of the Legislature that ~~this~~ *the electronic data reporting system be operated and maintained in a manner in which all city, county, city and county, and state law enforcement agencies may timely retrieve reportable transactions and may enter reports of all stolen, embezzled, or lost property in a format compatible with the requirements of this article.*

Further, it is the intent of the Legislature that the uniform, electronic data reporting system be funded exclusively by the assessment of state license fees paid by a person whose business includes the buying, selling, trading, auctioning, or taking in pawn of tangible personal property, and that the electronic data reporting system be operated either by the Department of Justice or a third-party vendor under contract with the state, in a manner

1 *that facilitates the rapid recovery of stolen or embezzled property*  
2 *and to safeguard the privacy protections of consumers and*  
3 *businesses provided for under state and federal law.*

4 *The Legislature finds and declares that this article shall not be*  
5 *superseded or supplanted by the provisions of any ordinance or*  
6 *charter of any city, county, or city and county.*

7 SEC. 2. Section 21626 of the Business and Professions Code  
8 is amended to read:

9 21626. (a) A ~~“secondhand dealer,” as used in this article,~~  
10 *dealer”* means and includes any person, ~~co~~partnership, firm,  
11 *partnership*, or corporation ~~that is required by the local agency to~~  
12 *obtain a license to operate as a secondhand dealer or whose*  
13 *business includes buying, selling, trading, taking in pawn,*  
14 *accepting for sale on consignment, accepting for auctioning, or*  
15 *auctioning secondhand tangible personal property. A*  
16 ~~“secondhand dealer” does not include a “coin dealer” or~~  
17 ~~participants at gun shows or events, as defined in Section 178.100~~  
18 ~~of Title 27 of the Code of Federal Regulations, or its successor,~~  
19 ~~who are not required to be licensed pursuant to Section 12071 of~~  
20 ~~the Penal Code, who are acting in compliance with the~~  
21 ~~requirements of Section 12070 and subdivision (d) of Section~~  
22 ~~12072 of the Penal Code, and who are not a “Gun Show Trader,”~~  
23 ~~as described in paragraph (5) of subdivision (b) of Section 12070~~  
24 ~~of the Penal Code.~~

25 (b) ~~As used in this section, a~~ A “coin dealer” means any person,  
26 firm, partnership, or corporation whose ~~principal~~ business is the  
27 buying, selling, and trading of coins, monetized bullion, or  
28 commercial grade ingots of gold, or silver, or other precious  
29 metals.

30 (c) A “business machine dealer” is a person, firm, partnership,  
31 or corporation whose business includes purchasing, or accepting  
32 in trade or for sale on consignment, from an individual a “business  
33 machine” as described in Section 21627.

34 (d) A “local agency” means a city, county, or city and county.

35 SEC. 3. Section 21626.5 of the Business and Professions  
36 Code is amended to read:

37 21626.5. “Secondhand dealer,” as used in this article, does  
38 not include ~~either~~ any of the following:

39 (a) Any person who performs the services of an auctioneer for  
40 a fee or salary.

(b) Any person whose business is limited to the reconditioning and selling of major household appliances, provided all the following conditions are met:

(1) The person does not trade, take in pawn, accept for drop-off, accept as a trade-in, accept for sale on consignment, accept for auction, auction, or buy, except in bulk, the appliances.

(2) The person does not perform repair services for owners of appliances unless the appliance was purchased from the person.

(3) The person has never been convicted of the crime of attempting to receive or receiving stolen property or any other theft-related crime.

*(c) A public charity or charitable organization that receives secondhand tangible personal property as a nonmonetary donation.*

*(d) Participants at guns shows or events, as defined in Section 478.100 of Title 27 of the Code of Federal Regulations, or its successor, who are not required to be licensed pursuant to Section 12071 of the Penal Code, who are acting in compliance with the requirements of Section 12070 and subdivision (d) of Section 12072 of the Penal Code, and who are not a “Gun Show Trader” as described in paragraph (5) of subdivision (b) of Section 12070 of the Penal Code.*

SEC. 4. Section 21627 of the Business and Professions Code is amended to read:

21627. (a) As used in this article, “tangible personal property” ~~includes, but is not limited to, all secondhand tangible personal property which bears a serial number or personalized initials or inscription or which, at the time it is acquired by the secondhand dealer, bears evidence of having had a serial number or personalized initials or inscription~~ means personal property that may be seen, weighed, measured, felt, or touched or that is in any other way perceptible to the senses.

(b) “Tangible personal property” also includes, ~~but is not limited to,~~ the following:

(1) All tangible personal property, new or used, including motor vehicles, received in pledge as security for a loan by a pawnbroker.

(2) All tangible personal property that bears a serial number or personalized initials or inscription ~~which~~ that is purchased by a secondhand dealer or a pawnbroker or ~~which~~ that, at the time of

1 ~~such~~ the purchase, bears evidence of having had a serial number  
2 or personalized initials or inscription.

3 ~~(3) All personal property commonly sold by secondhand~~  
4 ~~dealers which statistically is found through crime reports to the~~  
5 ~~Attorney General to constitute a significant class of stolen goods.~~  
6 ~~A list of such personal property shall be supplied by the Attorney~~  
7 ~~General to all local law enforcement agencies. Such list shall be~~  
8 ~~reviewed periodically by the Attorney General to insure that it~~  
9 ~~addresses current problems with stolen goods. Any business~~  
10 ~~machine, including, but not limited to, typewriters; adding~~  
11 ~~machines; check-writing devices; cash registers; calculators;~~  
12 ~~addressing machines; desk-top, laptop, or rack-mounted~~  
13 ~~computers; copying and accounting equipment; letter-sorting and~~  
14 ~~folding devices; computer printers; digital data recording or~~  
15 ~~transmission equipment; and multiline telephone equipment. A~~  
16 ~~“business machine” does not include office equipment or fixtures~~  
17 ~~or a machine taken solely for the purpose of repair and for which~~  
18 ~~the machine is to be returned to the owner by the same business~~  
19 ~~machine dealer who sold the owner that machine when it was new.~~

20 (c) As used in this article, “tangible personal property” does  
21 not include any ~~new~~ of the following:

22 (1) Chattel paper, documents of title, instruments, securities,  
23 and money.

24 (2) New goods or merchandise purchased by a secondhand  
25 dealer from a bona fide manufacturer or distributor or wholesaler  
26 of ~~such those~~ new goods or merchandise ~~by a secondhand dealer.~~  
27 For the purposes of this article, however, a secondhand dealer shall  
28 retain for one year from the date of purchase, and shall make  
29 available for inspection by any law enforcement officer, any  
30 receipt, invoice, bill of sale or other evidence of purchase of such  
31 new goods or merchandise.

32 ~~(d) As used in this article, “tangible personal property” does~~  
33 ~~not include coins~~

34 (3) Coins, monetized bullion, or commercial grade ingots of  
35 gold, silver, or other precious metals. “Commercial grade ingots”  
36 means 0.99 fine ingots of gold, silver, or platinum, or 0.925 fine  
37 sterling silver art bars and medallions, ~~provided that if~~ the ingots,  
38 art bars, and medallions are marked by the refiner or fabricator as  
39 to their assay fineness.

SEC. 5. Section 21628 of the Business and Professions Code is amended to read:

21628. ~~Every~~ (a) *Unless exempt under Section 21628.2, a secondhand dealer or, coin dealer, or business machine dealer described in Section 21626 shall report to the Department of Justice every article of tangible personal property he or she acquired by pledge, purchase, or trade or accepted for sale on consignment or for auction from an individual. The report shall be transmitted daily, or on the first working day after receipt or purchase of the property, on forms either approved or provided at actual cost by the Department of Justice; or by the electronic data reporting system described in Section 21632. The report shall account for all tangible personal property which that he or she has purchased, taken in trade, taken in pawn, accepted for sale on consignment, or accepted for auctioning, to*

(b) *If a report of the acquisition of tangible personal property is made other than by the electronic data reporting transmission system, the report shall be delivered to the chief of police or to the sheriff of the local agency where the secondhand dealer, coin dealer, or business machine dealer is licensed to do business, in accordance with the provisions of Sections 21630 and 21633 and subdivision (j) of this section. The*

(c) *On and after January 1, 2008, every transaction report for tangible personal property required under this section shall be made exclusively through the electronic data reporting system as provided by Section 21632.*

(d) *Whether the report of the acquisition of tangible personal property is made on a form approved by the Department of Justice or through the electronic data reporting system, every report shall be legible, prepared in English, completed where applicable, and include, but not be limited to, the following information:*

~~(a)~~

(1) *The name and current address of the intended seller or, pledgor, or consignor of the property that was received.*

~~(b)~~

(2) *The identification of the intended seller or, pledgor, or consignor of the property. The identification of the seller or pledgor of the property shall be verified by the person taking the information. The verification shall be valid if the person taking the information reasonably relies on any one of the following*



1 documents, provided that the document is currently valid or has  
2 been issued within five years and contains a photograph or  
3 description, or both, of the person named on it, is signed by the  
4 person, and bears a serial or other identifying number:

5 (1) A passport of the United States.

6 (2) A driver's license issued by any state, or Canada.

7 (3) An identification card issued by any state.

8 (4) An identification card issued by the United States.

9 (5) A passport from any other country in addition to another  
10 item of identification bearing an address.

11 (e) —

12 (3) A complete and reasonably accurate description of  
13 serialized *the* property, including, but not limited to, the following:  
14 serial number and other identifying marks or symbols;  
15 owner-applied numbers, manufacturer's named brand, and model  
16 name or number. Watches need not be disassembled when special  
17 skill or special tools are required to obtain the required  
18 information, unless specifically requested to do so by a peace  
19 officer. A special tool does not include a penknife, caseknife, or  
20 similar instrument and disassembling a watch with a penknife,  
21 caseknife, or similar instrument does not constitute a special skill.  
22 In all instances where the required information may be obtained  
23 by removal of a watchband, then the watchband shall be removed.  
24 The cost associated with opening the watch shall be borne by the  
25 pawnbroker, secondhand dealer, or customer *complying with the*  
26 *requirements of Section 21628.1.*

27 (d) A complete and reasonably accurate description of  
28 nonserialized property, including, but not limited to, the  
29 following: size, color, material, manufacturer's pattern name  
30 (when known), owner-applied numbers and personalized  
31 inscriptions and other identifying marks or symbols. Watches need  
32 not be disassembled when special skill or special tools are required  
33 to obtain the required information, unless specifically requested to  
34 do so by a peace officer. A special tool does not include a penknife,  
35 caseknife, or similar instrument and disassembling a watch with  
36 a penknife, caseknife, or similar instrument does not constitute a  
37 special skill. In all instances where the required information may  
38 be obtained by removal of a watchband, then the watchband shall  
39 be removed. The cost associated with opening the watch shall be  
40 borne by the pawnbroker, secondhand dealer, or customer.



~~(e)~~

(4) A certification by the intended seller~~or~~, pledgor, or consignor that he or she is the owner of the property or has the authority ~~of the owner~~ to sell~~or~~, pledge, or consign the property.

~~(f)~~

(5) A certification by the intended seller~~or~~, pledgor, or consignor that he or she has not at the time of the sale, pledge, or consignment, conveyed a right to, or granted a lien against, the property.

(6) A certification by the intended seller, pledgor, or consignor that to his or her knowledge and belief, the information is true and complete.

~~(g)~~

(7) A legible fingerprint taken from the intended seller~~or~~, pledgor, ~~as prescribed~~ or consignor either affixed to the form approved by the Department of Justice or in an electronic format consistent with the requirements of the electronic data reporting system. This requirement does not apply to a coin dealer, unless required pursuant to local regulation.

~~(h) When a secondhand dealer complies with all of the provisions of this section, he or she shall be deemed to have received from the seller or pledgor adequate evidence of authority to sell or pledge the property for all purposes included in this article, and Division 8 (commencing with Section 21000) of the Financial Code.~~

~~In enacting this subdivision, it is the intent of the Legislature that its provisions shall not adversely affect the implementation of, or prosecution under, any provision of the Penal Code.~~

~~(i)~~

(e) Any person who conducts business as a secondhand dealer at any gun show or event, as defined in Section ~~178.100~~ 478.100 of Title 27 of the Code of Federal Regulations, or its successor, outside the jurisdiction that issued the secondhand dealer license in accordance with subdivision (d) of Section 21641 and who reports in a manner other than via the electronic data reporting system under Section 21632, may be required to submit a duplicate of the transaction report prepared pursuant to this section to the local law enforcement agency where the gun show or event is conducted.

1     ~~(j) (1) The Department of Justice shall, in consultation with~~  
2 ~~appropriate local law enforcement agencies, develop clear and~~  
3 ~~comprehensive descriptive categories denoting tangible personal~~  
4 ~~property subject to the reporting requirements of this section.~~  
5 ~~These categories shall be incorporated by secondhand dealers and~~  
6 ~~coin dealers described in Section 21626 for purposes of the~~  
7 ~~reporting requirements set forth herein. Any required report shall~~  
8 ~~be transmitted by electronic means. The Department of Justice and~~  
9 ~~local law enforcement agencies, in consultation with~~  
10 ~~representatives from the secondhand dealer and coin dealer~~  
11 ~~businesses, shall develop a standard format to be used statewide to~~  
12 ~~transmit this report electronically.~~

13     ~~(2) Twelve months after the format and the categories~~  
14 ~~described in paragraph (1) have been developed, each secondhand~~  
15 ~~dealer and coin dealer shall electronically report using this format~~  
16 ~~the information required by this section under these reporting~~  
17 ~~categories. Until that time, each secondhand dealer and coin dealer~~  
18 ~~may either continue to report this information using existing forms~~  
19 ~~and procedures or may begin electronically reporting this~~  
20 ~~information under the reporting categories and using the format~~  
21 ~~described in paragraph (1) as soon as each has been developed.~~

22     ~~(3) A coin dealer who engages in less than 10 transactions each~~  
23 ~~week in which he or she has purchased, taken in trade, taken in~~  
24 ~~pawn, accepted for sale or consignment, or accepted for auctioning~~  
25 ~~tangible personal property, shall report the information required~~  
26 ~~by this section under the reporting categories described in~~  
27 ~~paragraph (1) on a form developed by the Attorney General that~~  
28 ~~the coin dealer shall transmit each day by facsimile transmission~~  
29 ~~or by mail to the chief of police or sheriff. A transaction shall~~  
30 ~~consist of not more than one item. Nothing in this section shall~~  
31 ~~prohibit up to 10 transactions with the same customer per week,~~  
32 ~~provided that the cumulative total per week for all customers does~~  
33 ~~not exceed 10 transactions. Until that form is developed, these coin~~  
34 ~~dealers shall continue to report information required by this~~  
35 ~~section using existing forms and procedures. If these transactions~~  
36 ~~increase to 10 per week, the coin dealer shall electronically report~~  
37 ~~using the format described in paragraph (1) the information~~  
38 ~~required by this section beginning six months after his or her~~  
39 ~~transactions exceed 10 per week or 12 months after the format~~

described in paragraph (1) has been developed, whichever occurs later.

(4) For purposes of this subdivision, “item” shall mean any single physical article. However, with respect to a commonly accepted grouping of articles that are purchased as a set, including, but not limited to, a pair of earrings or place settings of china, silverware, or other tableware, “item” shall mean that commonly accepted grouping.

(5) Nothing in this subdivision shall be construed as excepting a secondhand dealer from the fingerprinting requirement of subdivision (g). If the secondhand dealer reports via the electronic data reporting system, he or she shall delineate the transactions conducted at the gun show or event from the transactions that occurred at his or her regular place of business. The dealer shall denote the transactions that occurred during the gun show or event and list on the report the name of the city, county, or city and county where the gun show or event was conducted.

SEC. 6. Section 21628.1 of the Business and Professions Code is repealed.

~~21628.1. Notwithstanding Section 21628, except for firearms, submission of transaction reports are not required to be submitted to the local law enforcement agency if the report of an acquisition of the same property from the same customer has been submitted within the preceding 12 months, except when submission of the reports is specifically requested in writing by the local licensing authority.~~

SEC. 7. Section 21628.1 is added to the Business and Professions Code, to read:

21628.1. (a) When a secondhand dealer, coin dealer, or business machine dealer, as described in Section 21626, reports an acquisition of tangible personal property, as required by Section 21628, the dealer shall comply with the following requirements in completing the report:

(1) The identification of the seller, pledgor, or consignor of the property shall be verified by the person taking the information. The verification shall be valid if the person taking the information reasonably relies on any one of the following documents, if the document is currently valid or has been issued within five years and contains a photograph or description, or both, of the person

1 named on it, is signed by the person, and bears a serial or other  
2 identifying number:

3 (A) A passport of the United States.

4 (B) A driver's license issued by any state or Canada.

5 (C) An identification card issued by any state.

6 (D) An identification card issued by the United States.

7 (E) A passport from any other country in addition to another  
8 item of identification bearing an address.

9 (2) The report shall provide a complete and reasonably  
10 accurate description of serialized property, including, but not  
11 limited to, the following: a serial number and other identifying  
12 marks or symbols, owner-applied numbers, manufacturer's name  
13 brand, and model name or number. A watch need not be  
14 disassembled if special skill or special tools are required to obtain  
15 the required information, unless specifically requested by a peace  
16 officer. A special tool does not include a penknife, caseknife, or  
17 similar instrument, and disassembling a watch with a penknife,  
18 caseknife, or similar instrument does not constitute a special skill.  
19 The watchband shall be removed if the required information may  
20 be obtained by its removal. The cost associated with opening the  
21 watch shall be borne by the pawnbroker, dealer, or customer.

22 (3) The report shall provide a complete and reasonably  
23 accurate description of nonserialized property, including, but not  
24 limited to, the following: size, color, material, manufacturer's  
25 pattern name (when known), owner-applied numbers and  
26 personalized inscriptions, and other identifying marks or symbols.  
27 A watch need not be disassembled if special skill or special tools  
28 are required to obtain the required information, unless specifically  
29 requested by a peace officer. A special tool does not include a  
30 penknife, caseknife, or similar instrument, and disassembling a  
31 watch with a penknife, caseknife, or similar instrument, does not  
32 constitute a special skill. The watchband shall be removed if the  
33 required information may be obtained by its removal. The cost  
34 associated with opening the watch shall be borne by the  
35 pawnbroker, dealer, or customer.

36 (b) Notwithstanding Section 21628, a dealer who reports  
37 transactions other than by the electronic data reporting system  
38 described in Section 21632 is not required to submit the report to  
39 the local law enforcement agency if the report of an acquisition of  
40 the same property from the same customer has been submitted



1 within the preceding 12 months, unless submission of the report  
2 is specifically requested in writing by the local licensing authority  
3 or the property is a firearm.

4 SEC. 8. Section 21628.2 is added to the Business and  
5 Professions Code, to read:

6 21628.2. (a) A secondhand dealer, coin dealer, or business  
7 machine dealer, as described in Section 21626, who engages in less  
8 than 10 transactions each week in which he or she has purchased,  
9 taken in trade, taken in pawn, accepted for sale or consignment, or  
10 accepted for auctioning, tangible personal property, and for which  
11 the aggregate value does not exceed one thousand dollars (\$1,000)  
12 in any single week, shall report the information required by  
13 Section 21628 on a form developed by the Attorney General. The  
14 dealer shall transmit a completed and approved form each day by  
15 facsimile transmission or by mail to the chief of police or sheriff  
16 of the local agency in which the secondhand dealer, coin dealer, or  
17 business machine dealer is licensed to do business.

18 (b) A transaction shall consist of not more than one item.  
19 Nothing in this section shall prohibit up to 10 transactions with the  
20 same customer per week if the cumulative total per week for all  
21 customers does not exceed 10 transactions or one thousand dollars  
22 (\$1,000) in aggregate value. For purposes of this subdivision,  
23 “item” means any single physical article. However, with respect  
24 to a commonly accepted grouping of articles that are purchased as  
25 a set, including, but not limited to, a pair of earrings or place  
26 settings of china, silverware, or other tableware, “item” shall  
27 mean that commonly accepted grouping.

28 (c) Until the Attorney General develops the form described in  
29 subdivision (a), dealers shall continue to report information  
30 required by this section using existing forms and procedures. If  
31 these transactions exceed 10 per week, or one thousand dollars  
32 (\$1,000) in aggregate value per week, the dealer shall report using  
33 the format described in Section 21628 beginning six months after  
34 his or her reportable acquisitions exceed 10 transactions or one  
35 thousand dollars (\$1,000) in aggregate value per week.

36 (d) Nothing in this section shall be construed as excepting a  
37 dealer from the fingerprint requirement of paragraph (7) of  
38 subdivision (d) of Section 21628.

39 (e) The local law enforcement agency may enter the  
40 information provided by the reporting dealer into the electronic

1 data reporting system once that system is operational and assess  
2 the dealer a fee not to exceed fifty cents (\$0.50) per report.

3 SEC. 9. Section 21628.3 is added to the Business and  
4 Professions Code, to read:

5 21628.3. (a) When a secondhand dealer, coin dealer, or  
6 business machine dealer, as described in Section 21626, complies  
7 with all of the provisions of Sections 21628, 21628.1, and  
8 26128.2, he or she shall be deemed to have received from the seller,  
9 pledgor, or consignor adequate evidence of authority to sell or  
10 pledge the property for all purposes included in this article and in  
11 Division 8 (commencing with Section 21000) of the Financial  
12 Code.

13 (b) It is the intent of the Legislature that the provisions of this  
14 section shall not adversely affect the implementation of, or  
15 prosecution under, any provision of the Penal Code, nor  
16 compromise any right of privacy accorded to the consumer or the  
17 dealer, as described in Section 21626, under any state or federal  
18 law.

19 (c) This article shall be construed liberally to effectuate the  
20 legislative intent to create and to implement by January 1, 2008, a  
21 uniform, statewide electronic data reporting system for the  
22 reporting of transactions required by this article.

23 SEC. 10. Section 21628.5 of the Business and Professions  
24 Code is amended to read:

25 21628.5. (a) Every business machine dealer *who reports*  
26 *transactions other than via the electronic data reporting system,*  
27 shall report all used business machines ~~which~~ *that* he *or she* has  
28 purchased, taken in trade, or accepted for sale or consignment,  
29 from an individual, to the chief of police or to the sheriff in  
30 accordance with the provisions of Section 21628 and Section  
31 21630.

32 Every business machine dealer shall report all used business  
33 machines ~~which that he or she has repaired, if required to do so by~~  
34 ~~the chief of police or the sheriff~~ in accordance with the provisions  
35 of Section 21628 and Section 21630.

36 (b) No report of repair shall be required from a dealer servicing  
37 or repairing a machine in the possession of the owner to whom that  
38 dealer sold that machine when it was new.

39 ~~(b) As used in this section, the term "business machines"~~  
40 ~~includes, but is not limited to, typewriters, adding machines,~~

~~check-writing devices, cash registers, calculators, addressing machines, copying and accounting equipment, letter sorting and folding devices, and recording equipment, but does not include office furniture or fixtures.~~

*(c) The local law enforcement agency may enter the information provided by the reporting dealer into the electronic data reporting system once that system is operational and assess the dealer a fee not to exceed fifty cents (\$0.50) per report.*

SEC. 11. Section 21630 of the Business and Professions Code is amended to read:

~~21630. If the transaction takes place within the territorial limits of an incorporated city, the report~~ *A report required by this article made other than through the electronic data reporting system shall be submitted to the police chief executive of the city or his or her designee if the transaction takes place within the territorial limits of an incorporated city. If the transaction takes place outside the territorial limits of an incorporated city, the report shall be submitted to the sheriff of the county or his or her designee.*

SEC. 12. Section 21631 of the Business and Professions Code is amended to read:

~~21631. Notwithstanding any other provisions of law, all tangible personal property that is found in the shop of a pawnbroker, secondhand dealer, or coin dealer, doing business under a California secondhand dealer's license, shall be reported as required under subdivisions (c) and (d) of Section 21628, including any additional information required by Section 21628 that is known by the reporting person, and shall be held as required under Section 21636 on forms as required under Section 21633. If no claim is made for the property for a period of 60 days after it is reported, the pawnbroker, secondhand dealer, or coin dealer may treat the property as property regularly acquired in the due course of business.~~

SEC. 13. Section 21632 is added to the Business and Professions Code, to read:

21632. (a) On or before January 1, 2006, the Attorney General shall, in consultation with appropriate local law enforcement agencies and representatives of the dealers described in Section 21626 and of pawnbrokers, as defined in Section 21000 of the Financial Code, complete the following duties:



1 (1) Develop clear and comprehensive descriptive categories  
2 denoting tangible personal property subject to the reporting  
3 requirements of Section 21628. These categories shall be  
4 incorporated by a secondhand dealer, coin dealer, and business  
5 machine dealer described in Section 21626 for purposes of the  
6 reporting requirements set forth in Section 21628.

7 (2) Establish a standard format to be used statewide to transmit  
8 the transaction report required by Section 21628 electronically via  
9 the electronic data reporting system.

10 (3) Either certify that the Department of Justice will be the  
11 exclusive operator of the electronic data reporting system  
12 described in this section or that it will contract with an  
13 independent, third-party contractor to operate the electronic data  
14 reporting system.

15 (b) On or before January 1, 2007, a uniform, statewide  
16 electronic data reporting system shall be operational. The system  
17 shall electronically receive all transaction reports required under  
18 Section 21628 from dealers described in Section 21626 and from  
19 pawnbrokers defined in Section 21000 of the Financial Code. The  
20 electronic data reporting system shall effectively interface with the  
21 stolen, embezzled, or lost property systems of state and local law  
22 enforcement agencies to achieve the legislative intent expressed in  
23 Section 21625. Authorized inquiries by local law enforcement  
24 agencies shall be processed by the electronic data reporting system  
25 in a manner that is consistent with the privacy protections accorded  
26 consumers and businesses under state and federal law.

27 (c) On or before January 1, 2008, the electronic data reporting  
28 system shall exclusively accept all transaction reports required by  
29 Section 21628 by electronic means. Reports required under  
30 Section 26128.5 may continue to be submitted using forms  
31 approved by the Department of Justice.

32 (d) The electronic data reporting system may be operated or  
33 administered by an independent third-party vendor who may be  
34 awarded a contract for the implementation and operation of the  
35 system.

36 SEC. 14. Section 21636.7 is added to the Business and  
37 Professions Code, to read:

38 21636.7. Notwithstanding any other provision of law, a  
39 person who advertises or displays a sign or card or other device  
40 indicating to the public that he or she is a secondhand dealer, coin

1 dealer, or business machine dealer, or who causes his or her name  
2 or business name to be included in a classified advertisement or  
3 directory under a classification for a secondhand dealer, coin  
4 dealer, or business machine dealer, is subject to the provisions of  
5 this article.

6 SEC. 15. Section 21636.8 is added to the Business and  
7 Professions Code, to read:

8 21636.8. (a) It is a misdemeanor for any person to advertise  
9 as a secondhand dealer, coin dealer, or business machine dealer, as  
10 described in Section 21626, unless that person holds a valid license  
11 as that type of dealer, under this article.

12 (b) “Advertise” as used in this section includes, but is not  
13 limited to, the issuance of a card, sign, or device to any person; the  
14 causing, permitting, or allowing of any sign or marking on or in  
15 any building or structure or in any newspaper, magazine, or by  
16 airwave or any electronic transmission, or in any directory under  
17 a listing for a secondhand dealer, coin dealer, or business machine  
18 dealer.

19 (c) A violation of this section is punishable by a fine of not less  
20 than seven hundred dollars (\$700) and not more than one thousand  
21 dollars (\$1,000). The fine may be imposed in addition to any other  
22 punishment for a violation of this section.

23 SEC. 16. Section 21640 of the Business and Professions Code  
24 is amended to read:

25 21640. (a) It is unlawful for any person to engage in the  
26 business of *a secondhand dealer, coin dealer, or business machine*  
27 *dealer*, as defined in Section 21626, without being licensed as  
28 provided in this article.

29 (b) *The court may assess a civil penalty in an action brought by*  
30 *a city attorney or district attorney for a violation of this section.*

31 (c) *A person who has twice been found in violation of this*  
32 *section and who within 10 years of the date of the first offense,*  
33 *engages in any business defined in Section 21626 without holding*  
34 *a current and valid license, is guilty of a misdemeanor punishable*  
35 *by imprisonment in a county jail for a period not exceeding six*  
36 *months or by a fine not exceeding five thousand dollars (\$5,000),*  
37 *or by both that fine and imprisonment.*

38 (d) *All civil penalties, forfeited bail amounts, and fines received*  
39 *by a court pursuant to this section shall be deposited with the*  
40 *county treasurer of the county in which the court is situated. Fifty*

1 *percent of these amounts shall be allocated to the State Treasury,*  
2 *and 50 percent shall be delivered to the city treasurer of the city,*  
3 *if the offense occurred in a city, or otherwise to the treasurer of the*  
4 *county in which the prosecution is conducted.*

5 SEC. 17. Section 21641 of the Business and Professions Code  
6 is amended to read:

7 21641. (a) The chief of police, the sheriff or, where  
8 appropriate, the police commission, shall accept an application for  
9 and grant a license permitting the licensee to engage in the business  
10 of *a secondhand dealer, coin dealer, or business machine dealer,*  
11 as defined in Section 21626, to an applicant who has not been  
12 convicted of an attempt to receive stolen property or any other  
13 offense involving stolen property. Prior to the granting of a license,  
14 the licensing authority shall submit the application to the  
15 Department of Justice. If the Department of Justice does not  
16 comment on the application within 30 days thereafter, the  
17 licensing authority may grant the applicant a license. All forms for  
18 application and licensure, and license renewal, shall be prescribed  
19 and provided by the Department of Justice. ~~A fee may be charged~~  
20 ~~to the applicant as specified by the Department of Justice and the~~  
21 ~~local licensing authority for processing the initial license~~  
22 ~~application.~~

23 (b) For the purposes of this section, “convicted” means a plea  
24 or verdict of guilty or a conviction following a plea of nolo  
25 contendere.

26 (c) Notwithstanding subdivisions (a) and (b), no person shall  
27 be denied a secondhand dealer’s license solely on the grounds that  
28 he or she violated any provision contained in Article 4  
29 (commencing with Section 21625) or Article 5 (commencing with  
30 Section 21650) of this chapter, or any provision contained in  
31 Chapter 2 (commencing with Section 21200) of Division 8 of the  
32 Financial Code, unless the violation demonstrates a pattern of  
33 conduct.

34 (d) Any person licensed as a firearms dealer pursuant to Section  
35 12071 of the Penal Code, who is conducting business at gun shows  
36 or events pursuant to subparagraph (B) of paragraph (1) of  
37 subdivision (b) of Section 12071 of the Penal Code, and who has  
38 a valid secondhand dealer license granted by the appropriate local  
39 authorities in the jurisdiction where the firearms dealer license has  
40 been granted, shall be authorized to conduct business as a

secondhand dealer at any gun show or event, as defined in Section 478.100 of Title 27 of the Code of Federal Regulations, or its successor, without regard to the jurisdiction within this state that issued the secondhand dealer license pursuant to subdivision (a) of this section. No additional fees or separate secondhand dealer license shall be required by any agency having jurisdiction over the locality where the gun show or event is conducted. However, the person shall otherwise be subject to, and comply with, the requirements of this article when he or she acts as a secondhand dealer at the gun show or event to the same extent as if he or she were licensed as a secondhand dealer in the jurisdiction in which the gun show or event is being conducted.

*(e) Each applicant for a license described in this section shall pay an initial processing fee not to exceed fifty dollars (\$50) to cover the actual costs of processing the application, and each licensee shall pay a license issuance fee in the amount of one hundred dollars (\$100).*

*(f) All fees described in subdivision (e) shall be deposited in the State Treasury and credited to the Electronic Data Reporting System Fund, which is hereby created. The revenue in the fund is continuously appropriated to the Department of Justice for the sole purpose of implementing and maintaining the electronic data reporting system described in Section 21632.*

SEC. 18. Section 21642 of the Business and Professions Code is amended to read:

21642. (a) A license granted pursuant to Section 21641 shall be renewable the second year from the date of issue, and every other year thereafter, upon the filing of a renewal application and the payment of a license renewal fee specified by the licensing authority. ~~The Department of Justice may also charge a fee of not more than twelve dollars (\$12) but not to exceed the actual processing costs of the department. After the department establishes a fee sufficient to reimburse the department for processing costs, the~~ *in the amount of one hundred dollars (\$100).* The fee charged shall increase at a rate not to exceed the legislatively approved annual cost-of-living adjustments for the department's budget. The licensing authority shall collect the fee and transmit the fee and a copy of the renewed license to the Department of Justice. *The fee shall be deposited into the*

1 *Electronic Data Reporting System Fund pursuant to Section*  
2 *21641.*

3 (b) The license shall be subject to forfeiture by the licensing  
4 authority, and the licensee's activities as a secondhand dealer shall  
5 be subject to being enjoined pursuant to Section 21646 for breach  
6 of any of the following conditions:

7 (1) The business shall be carried on only at the location  
8 designated on the license. The license shall designate all locations  
9 where property belonging to the business is stored. Property of the  
10 business may be stored at locations not designated on the license  
11 only with the written consent of the local licensing authority.

12 (2) The license or a copy thereof, certified by the licensing  
13 authority, shall be displayed on the premises in plain view of the  
14 public.

15 (3) The licensee shall not engage in any act ~~which~~ that the  
16 licensee knows to be in violation of this article.

17 (4) The licensee shall not be convicted of an attempt to receive  
18 stolen property or any other offense involving stolen property. For  
19 the purposes of this paragraph, "convicted" means a plea or  
20 verdict of guilty or a conviction following a plea of nolo  
21 contendere. Any action ~~which~~ that the chief of police, the sheriff  
22 or, where appropriate, the police commission, is permitted to take  
23 following the establishment of a conviction may be taken when the  
24 time for appeal has elapsed, or the judgment of conviction has been  
25 affirmed on appeal, or when an order granting probation is made  
26 suspending the imposition of sentence, irrespective of a  
27 subsequent order under the provisions of Section 1203.4 of the  
28 Penal Code.

29 (c) Notwithstanding subdivisions (a) and (b), no person shall  
30 have his or her renewal application for a secondhand dealer's  
31 license denied, nor shall his or her secondhand dealer's license be  
32 forfeited solely on the grounds that he or she violated any  
33 provision contained in Article 4 (commencing with Section  
34 21625) or Article 5 (commencing with Section 21650) of this  
35 chapter, or any provision contained in Chapter 2 (commencing  
36 with Section 21200) of Division 8 of the Financial Code, unless the  
37 violation demonstrates a pattern of conduct.

38 SEC. 19. Section 21647 of the Business and Professions Code  
39 is amended to read:

21647. (a) Whenever any peace officer has probable cause to believe that property, except coins, monetized bullion, or “commercial grade ingots” as defined in *paragraph (3) of subdivision—(d) (c) of Section 21627*, in the possession of a pawnbroker, secondhand dealer, or coin dealer is stolen, the peace officer may place a hold on the property for a period not to exceed 90 days. When a peace officer places a hold on the property, the peace officer shall give the pawnbroker, secondhand dealer, or coin dealer a written notice at the time the hold is placed, describing the item or items to be held. During that period the pawnbroker, secondhand dealer, or coin dealer shall not release or dispose of the property, except pursuant to a court order or upon receipt of a written authorization signed by any peace officer who is a member of the law enforcement agency of which the peace officer placing the hold on the property is a member. A pawnbroker, secondhand property dealer, or coin dealer shall not be subject to civil liability for compliance with this section.

(b) Whenever property that is in the possession of a pawnbroker, secondhand dealer, or coin dealer, whether or not the property has been placed on hold, is required by a peace officer in a criminal investigation, the pawnbroker, secondhand dealer, or coin dealer, upon reasonable notice, shall produce the property at reasonable times and places or may deliver the property to the peace officer upon the request of any peace officer.

(c) Whenever a law enforcement agency has knowledge that property in the possession of a pawnbroker, secondhand dealer, or coin dealer has been reported as lost or stolen, the law enforcement agency shall notify in writing the person who reported the property as lost or stolen of the following:

(1) The name, address, and telephone number of the pawnbroker, secondhand dealer, or coin dealer who reported the acquisition of the property.

(2) That the law neither requires nor prohibits payment of a fee or any other condition in return for the surrender of the property, except that when the person who reported the property lost or stolen does not choose to participate in the prosecution of an identified alleged thief, the person shall pay the pawnbroker, secondhand dealer, or coin dealer the “out-of-pocket” expenses paid in the acquisition of the property in return for the surrender of the property.



(3) That if the person who reported the property as lost or stolen takes no action to recover the property from the pawnbroker, secondhand dealer, or coin dealer within 60 days of the mailing of the notice, the pawnbroker, secondhand dealer, or coin dealer may treat the property as other property received in the ordinary course of business. During the 60-day notice period, the pawnbroker, secondhand dealer, or coin dealer may not release the property to any other person.

(4) That a copy of the notice, with the address of the person who reported the property as lost or stolen deleted, will be mailed to the pawnbroker, secondhand dealer, or coin dealer who is in possession of the property.

(d) When property that is in the possession of a pawnbroker, secondhand dealer, or coin dealer is subject to a hold as provided in subdivision (a), and the property is no longer required for the purpose of a criminal investigation, the law enforcement agency that placed the hold on the property shall release the hold on the property. When the law enforcement agency has knowledge that the property has been reported lost or stolen, the law enforcement agency shall then make notification to the person who reported the property as lost or stolen pursuant to subdivision (c).

(e) If a pledgor seeks to redeem property that is subject to a hold, the pawnbroker shall advise the pledgor of the name of the peace officer who placed the hold on the property and the name of the law enforcement agency of which the officer is a member. If the property is not required to be held pursuant to a criminal prosecution the hold shall be released.

(f) Whenever information regarding allegedly lost or stolen property is entered into the Department of Justice automated property system or automated firearms system, and the property is thereafter identified and found to be in the possession of a pawnbroker, secondhand dealer, or coin dealer, and the property is thereafter placed on a hold pursuant to this section and the hold, including any additional hold, is allowed to lapse, or 60 days elapse following the delivery of the notice required to be given by this section to the person who reported the property to be lost or stolen without a claim being made by that person, whichever is later, the pawnbroker, secondhand dealer, or coin dealer may mail under a Certificate of Mailing issued by the United States Post Office, addressed to the law enforcement agency that placed the



property on hold, a written request to delete the property listing from the Department of Justice automated property system or automated firearms system, as is applicable. Within 30 days after the request has been mailed, the law enforcement agency shall either cause the property listing to be deleted as requested or place a hold on the property. If no law enforcement agency takes any further action with respect to the property within 45 days after the mailing of the request, the pawnbroker, secondhand dealer, or coin dealer may presume that the property listing has been deleted as requested and may thereafter deal with the property accordingly, and shall not be subject to liability arising from the failure of the removal of the property listing from the Department of Justice automated property system or automated firearms system.

(g) Nothing in this section shall be construed to alter the authority of a peace officer to seize property pursuant to any other provision of statutory or case law.

SEC. 20. Section 21208 of the Financial Code is amended to read:

21208. (a) Every pawnbroker shall report daily or on the first working day after receipt or purchase, all descriptions of all property received in pledge or purchased as tangible personal property, as defined in Section 21627 of the Business and Professions Code, in whatever quantity received, including ~~property purchased as tangible personal property at wholesale,~~ tangible personal property taken in for sale or possessed on consignment for sale, and tangible personal property taken in trade.

(b) (1) If the transaction took place within the territorial limits of an incorporated city, the report shall be submitted to the police chief executive of the city or his or her designee, by mail unless otherwise agreed upon by the pawnbroker and the police chief executive or his or her designee. If the transaction took place outside the territorial limits of an incorporated city, the report shall be submitted to the sheriff of the county, or his or her designee, by mail unless otherwise agreed upon by the pawnbroker and the sheriff or his or her designee.

(2) All reports shall be on forms approved or provided at actual cost by the Department of Justice. The police chief executive or sheriff who receives a report on a form filed pursuant to the

1 provisions of this section shall daily submit a legible copy of the  
2 transactions to the Department of Justice.

3 *(c) On and after January 1, 2008, every report required under*  
4 *this section shall be made exclusively through the electronic data*  
5 *reporting system described in Section 21632 of the Business and*  
6 *Professions Code.*

7 *(d) Notwithstanding any other provision of law, a pawnbroker*  
8 *who engages in less than 10 transactions each week in which he*  
9 *or she has purchased, taken in trade, taken in pawn, accepted for*  
10 *sale or consignment, or accepted for auctioning, tangible personal*  
11 *property and for which the aggregate value does not exceed one*  
12 *thousand dollars (\$1,000) in any single week, shall report the*  
13 *information required by this section on a form developed by the*  
14 *Attorney General. The pawnbroker shall transmit a completed and*  
15 *approved form each day by facsimile transmission or by mail to the*  
16 *chief of police or sheriff of the local law enforcement agency for*  
17 *the jurisdiction where his or her business is licensed.*

18 SEC. 21. Section 21300 of the Financial Code is amended to  
19 read:

20 21300. (a) The chief of police, the sheriff, or, where  
21 appropriate, the police commission, shall accept an application for  
22 and grant a license permitting the licensee to engage in the business  
23 of pawnbroker, as defined in Section 21000, at the address  
24 indicated on the application, to an applicant who has complied  
25 with the requirements of Sections 21303, 21304, and 21305 and  
26 has not been convicted of an attempt to receive stolen property or  
27 any other offense involving stolen property. Prior to the granting  
28 of a license, the licensing authority shall submit the application to  
29 the Department of Justice. If the Department of Justice does not  
30 comment on the application within 30 days thereafter, the  
31 licensing authority shall grant the applicant a license. All forms for  
32 application and licensure, and license renewal, shall be prescribed  
33 and provided by the Department of Justice. ~~A fee not to exceed the~~  
34 ~~actual processing costs to the Department of Justice and the chief~~  
35 ~~of police, the sheriff, or where appropriate, the police commission~~  
36 ~~may be charged to the applicant for processing the initial license~~  
37 ~~application.~~

38 (b) For the purposes of this section, “convicted” means a plea  
39 or verdict of guilty or a conviction following a plea of nolo  
40 contendere.

(c) Notwithstanding subdivisions (a) and (b), no person shall be denied a pawnbroker's license solely on the grounds that he or she violated any provision contained in Chapter 1 (commencing with Section 21000) or Chapter 2 (commencing with Section 21200) of this division or Article 4 (commencing with Section 21625) or Article 5 (commencing with Section 21650) of Chapter 9 of Division 8 of the Business and Professions Code unless the violation demonstrates a pattern of conduct.

(d) *Each applicant for a license described in this section shall pay an initial processing fee of fifty dollars (\$50) to cover the actual costs of processing the application, and each licensee shall pay a license issuance fee of one hundred dollars (\$100). These fees shall be deposited in the Electronic Data Reporting System Fund created pursuant to Section 21641 of the Business and Professions Code.*

SEC. 22. Section 21300.1 of the Financial Code is amended to read:

21300.1. (a) It is unlawful for any person who is not duly licensed under this section to act as a pawnbroker or represent himself, herself, or a business entity to be a pawnbroker or a pawnbrokerage business entity.

(b) *In an action brought by a city attorney or district attorney for a violation of this section, a civil penalty may be assessed in the amount of not more than one thousand dollars (\$1,000) for the first offense and not more than five thousand dollars (\$5,000) for the second offense. Any person who has twice been found in violation of this section and who within 10 years of the date of the first offense engages in any business of a pawnbroker without holding a current and valid license pursuant to this article, is guilty of a misdemeanor punishable by imprisonment in a county jail for a period not exceeding six months or by a fine not exceeding five thousand dollars (\$5,000), or by both that fine and imprisonment.*

(c) *All civil penalties, forfeited bail amounts, or fines received by a court pursuant to this section shall, as soon as practicable after their receipt, be deposited with the county treasurer of the county in which the court is situated. Upon deposit, 50 percent of these amounts shall be delivered to the State Treasury, and 50 percent shall be delivered to the city treasurer of the city, if the offense occurred in a city, or otherwise to the treasurer of the county in which the prosecution is conducted.*

1 SEC. 23. Section 21301 of the Financial Code is amended to  
2 read:

3 21301. (a) A license granted pursuant to Section 21300 shall  
4 be renewable the second year from the date of issue, and every  
5 other year thereafter, upon the filing of a renewal application and  
6 compliance with the requirements of Section 21303. The  
7 Department of Justice and the chief of police, the sheriff, or, where  
8 appropriate, the police commission may charge a fee *in the amount*  
9 *of one hundred dollars (\$100)* for the license renewal ~~not to exceed~~  
10 ~~the actual processing costs~~. The licensing authority shall collect  
11 the fee and transmit the fee and a copy of the renewed license to  
12 the Department of Justice. *The fee shall be deposited into the*  
13 *Electronic Data Reporting System Fund created pursuant to*  
14 *Section 21641 of the Business and Professions Code.*

15 (b) The license shall be subject to forfeiture by the licensing  
16 authority, and the licensee's activities as a pawnbroker shall be  
17 subject to being enjoined pursuant to Section 21302, for breach of  
18 any of the following conditions:

19 (1) The business shall be carried on only at the location  
20 designated on the license. The license shall designate all locations  
21 where property belonging to the business is stored. Property of the  
22 business may be stored at locations not designated on the license  
23 only with the written consent of the local licensing authority.

24 (2) The license or a copy thereof, certified by the licensing  
25 authority, shall be displayed on the premises in plain view of the  
26 public.

27 (3) The licensee shall not engage in any act that the licensee  
28 knows to be in violation of this article.

29 (4) The licensee shall not be convicted of an attempt to receive  
30 stolen property or other offense involving stolen property. For the  
31 purposes of this paragraph, "convicted" means a plea or verdict  
32 of guilty or a conviction following a plea of nolo contendere. Any  
33 action that the chief of police, the sheriff, or, where appropriate,  
34 the police commission, is permitted to take following that  
35 conviction may be taken when the time for appeal has elapsed, the  
36 judgment of conviction has been affirmed on appeal, or an order  
37 granting probation is made suspending the imposition of sentence,  
38 irrespective of a subsequent order under Section 1203.4 of the  
39 Penal Code.

(c) Notwithstanding subdivisions (a) and (b), no renewal application for a pawnbroker's license may be denied, nor may his or her pawnbroker's license be forfeited, solely on the grounds that the applicant violated any provision contained in Chapter 1 (commencing with Section 21000), Chapter 2 (commencing with Section 21200) of this division, or Article 4 (commencing with Section 21625) or Article 5 (commencing with Section 21650) of Chapter 9 of Division 8, of the Business and Professions Code unless the violation demonstrates a pattern of conduct.

SEC. 24. Section 21301.2 is added to the Financial Code, to read:

21301.2. Notwithstanding the exemptions described in Article 2 (commencing with Section 21050), a person who advertises or displays a sign or card or other device that indicates to the public that he or she is a pawnbroker, or who causes his or her name or business name to be included in a classified advertisement or directory under a classification for pawnbroker, is subject to the provisions of this chapter.

SEC. 25. Section 21301.3 is added to the Financial Code, to read:

21301.3. (a) It is a misdemeanor for a person to advertise as a pawnbroker unless he or she holds a valid license as that type of dealer under this chapter. "Advertise," as used in this section, includes, but is not limited to, the issuance of a card, sign, or device to any person; the causing, permitting, or allowing of any sign or marking on or in any building or structure, or in any newspaper, magazine, or by airwave or electronic transmission, or in any directory under a listing for pawnbroker, as defined in Section 21000.

(b) A violation of this section is punishable by a fine of not less than seven hundred dollars (\$700) and not more than one thousand dollars (\$1,000). This fine may be imposed in addition to any other punishment imposed for a violation of this section.

SEC. 26. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because in that regard this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California  
2 Constitution.

3 However, notwithstanding Section 17610 of the Government  
4 Code, if the Commission on State Mandates determines that this  
5 act contains other costs mandated by the state, reimbursement to  
6 local agencies and school districts for those costs shall be made  
7 pursuant to Part 7 (commencing with Section 17500) of Division  
8 4 of Title 2 of the Government Code. If the statewide cost of the  
9 claim for reimbursement does not exceed one million dollars  
10 (\$1,000,000), reimbursement shall be made from the State  
11 Mandates Claims Fund.

